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**FISCAL IMPACT STATEMENT**

**LS 7375**

**BILL NUMBER:** HB 1538

**NOTE PREPARED:** Feb 8, 2005

**BILL AMENDED:** Feb 8, 2005

**SUBJECT:** Public Safety Disability Presumption.

**FIRST AUTHOR:** Rep. Smith J

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill provides that an individual who: (1) is employed full-time as an emergency or public safety employee; and (2) also serves as a volunteer firefighter, emergency medical technician, or first responder; is entitled to a presumption that, if the individual is diagnosed with certain health conditions resulting in disability or death, the disability or death resulting from the health condition is a disability or death incurred in the line of duty for purposes of qualification for certain benefits.

The bill also (3) creates a presumption that a police officer, a firefighter, or an emergency medical services provider who incurs a disability from certain cancers or a heart or lung disease while actively employed has incurred a disability in the line of duty and allows a meeting or hearing held to rebut the presumption to be held as an executive session; and (4) provides that a line-of-duty disability benefit retains the status of a disability benefit for the life of the disabled member.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** This bill provides that emergency or public safety employees who also serve in a volunteer status are entitled to a presumption that a disability or death from certain health conditions was incurred in the line of duty in the full-time position. The responsibility to disprove the presumption is on the employer. [Under current statute, emergency or public safety employees who also serve in a volunteer status are disqualified from using this presumption, and the burden of proving that the disability or death was incurred in the line of duty while in the full-time position is on the employee.] Changing the burden of proof may tend to increase the likelihood that the disability or death benefits will be paid by the employer of the full-time employee, rather than by the volunteer department. Changing the burden of proof requirements in favor of the employee may also tend to increase the likelihood that there could be an increase in expenditures, the amount

of which is not known.

Potential agencies affected by this bill include State Police, conservation and excise officers, correctional officers, and emergency services employees, and any other public safety agency who has employees who serve as volunteers in the listed capacities: (A) volunteer firefighter; (B) emergency medical technician; and (C) first responder. The funds affected are the: (1) State Police Pension Plan; (2) Conservation and Excise Officers' Retirement Fund; and (4) Public Employees' Retirement Fund (PERF).

*Background Information:* In Indiana, in 2002, of 55,123 total deaths, there were 232 deaths attributable to hepatitis, meningococcal meningitis, tuberculosis, hepatitis, and HIV. There likely will be a fiscal impact associated with this proposal, but it is expected to be relatively minor. The actuarial assumptions and funding methods for the above-mentioned plans would not be changed. Any increased cost would be treated as an actuarial loss and amortized over 30 years. It is not known how many additional people might be affected by this proposal.

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) (Parts 1 and 2) The potential agencies affected by this bill include local police and firefighters, county police officers, county sheriffs, town marshals, deputy town marshals, and emergency medical services providers. The funds affected would be the: 1925 Police Fund, 1937 Fire-fighters' Fund, the 1953 Police Fund, and the 1977 Police Officers' and Firefighters' Disability Fund, county sheriff plans, and PERF.

(Parts 3 and 4) For the 1925 Police Pension Fund, the 1937 Firefighters' Pension Fund, and the 1953 Police Pension Fund (Indianapolis), this legislation does not expand the eligibility for disability nor does it affect the amount of disability benefits. It is estimated that this proposal would not create any actuarial fiscal impact.

For the 1977 Police and Fire Pension Fund, for the members hired after December 31, 1989, it is possible that this proposal could expand the eligibility for Class 1 or Class 2 disability (previously considered Class 3 disabilities could become Class 1 or Class 2 disabilities). However, the actuarial funding for disability for these members conservatively assumes that all disabilities are either Class 1 or Class 2. Therefore, because of the conservatism of this actuarial assumption with respect to disabilities, any fiscal impact of this proposal would not result in an increase in funding or a decrease in the funded status of the 1977 Police and Fire Fund.

### **Explanation of Local Revenues:**

**State Agencies Affected:** State Police; Department of Natural Resources; Excise Police; Department of Corrections; and any agency with emergency medical providers, and those who have employees who serve as a volunteer in the listed capacities of the bill; Public Employees' Retirement Fund as administrators of the 1977 Police and Fire Fund; recipients of state General Fund appropriations.

**Local Agencies Affected:** Cities, towns, and counties with members in the respective police and fire funds.

**Information Sources:** Doug Todd of McCready & Keane, Inc., actuaries for PERF, the State Police, Conservation and Excise Officers' Fund, Police and Fire Funds, and many of the county sheriff plans, 317-576-1508.

**Fiscal Analyst:** James Sperlik, 317-232-9866.

## **DEFINITIONS**

Actuarial Gain or Loss - the effects of actuarial costs of deviations or differences between the past events predicted by actuarial assumptions and the events that actually occurred. An actuarial *gain* results where the actual experience under the plan is more favorable than the actuary's estimate, while an actuarial loss reflects an unexpectedly adverse deviation.

Amortization - paying off an interest-bearing liability by gradual reduction through a series of installments as opposed to paying it off by one lump-sum payment.